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ABSTRACT

This booklet provides data on Alaska's population, economy, health, education, government, and natural resources, including specific information on Alaska Natives. Since 1960, Alaska's population has tripled and become more diverse, more stable, older, less likely to be male or married, and more concentrated. About 69 percent of the population lived in or near Anchorage, Fairbanks, and Juneau by 2000. The Native population doubled between 1970 and 2000, and the share of the Native population in large urban areas increased from 17 to 32 percent. A section on the economy covers various economic sectors and changes in employment, the role of the military in the economy, Alaska Native corporations, per capita income, cost of living, and housing costs and conditions. A section on communities and health covers share of schoolchildren whose parents receive public assistance, alcohol control in Native communities, and various indicators of adult and child health. With regard to education, the share of Alaskan adults with high school diplomas tripled between 1960 and 2000, but in the 1990s Alaskan teenagers were less likely to graduate from high school and less likely to go to college than other U.S. students, and over half of high school sophomores in 2001 failed the graduation qualifying exam. Data on teacher salaries and on college students leaving the state are also presented. Other sections discuss air and water quality, subsistence hunting and fishing, oil revenue, and taxes. (Contains many maps and figures.) (SV)

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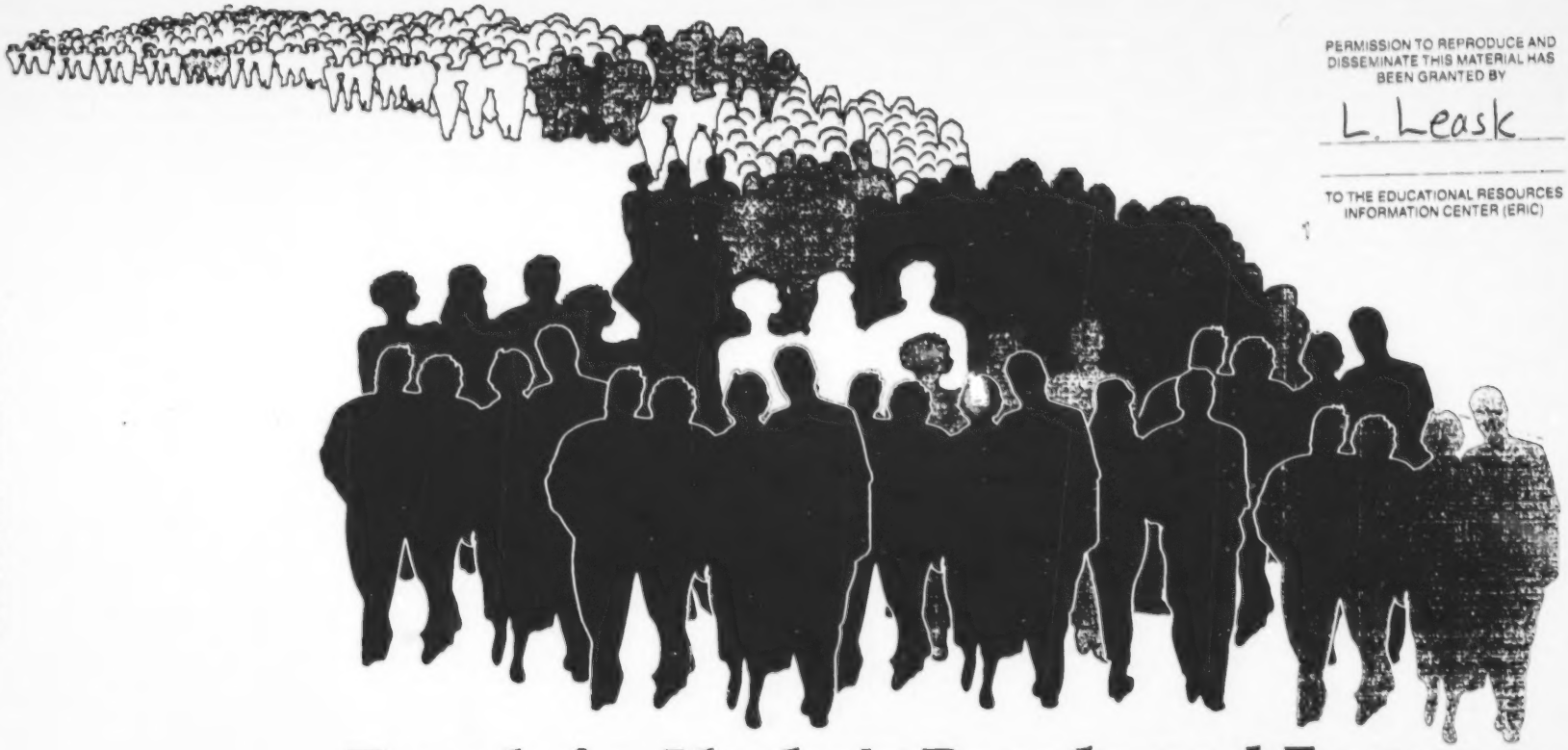


Trends in Alaska's People and Economy

Prepared for the Alaska 20/20 Partnership
Bringing Alaskans Together to Chart Our Future

Institute of Social and Economic Research, University of Alaska Anchorage • Alaska Humanities Forum
Linda Leask, Mary Killorin, Stephanie Martin • Graphic Design: Clemencia Merrill

October 2001

Background

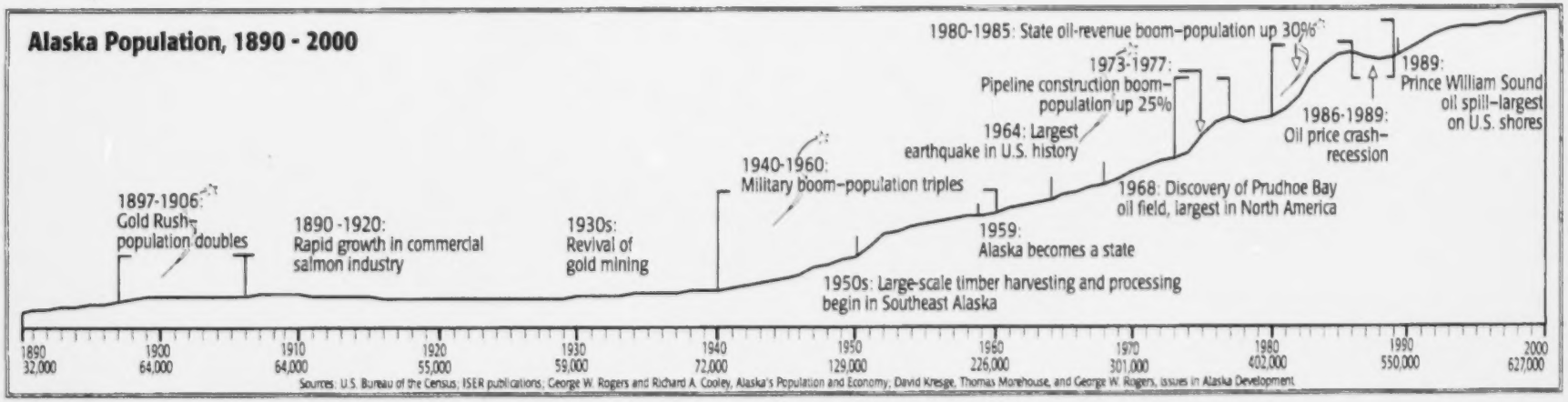
When Alaska became a state, in 1959, some Americans thought it was a mistake: Alaska was too far away, too cold, and too undeveloped. It had just a sprinkling of people across an immense area and a fragile economy that relied on military activities and a few resource industries—which generated boom and bust cycles, but no permanent development. But Alaska has seen big changes since 1959:

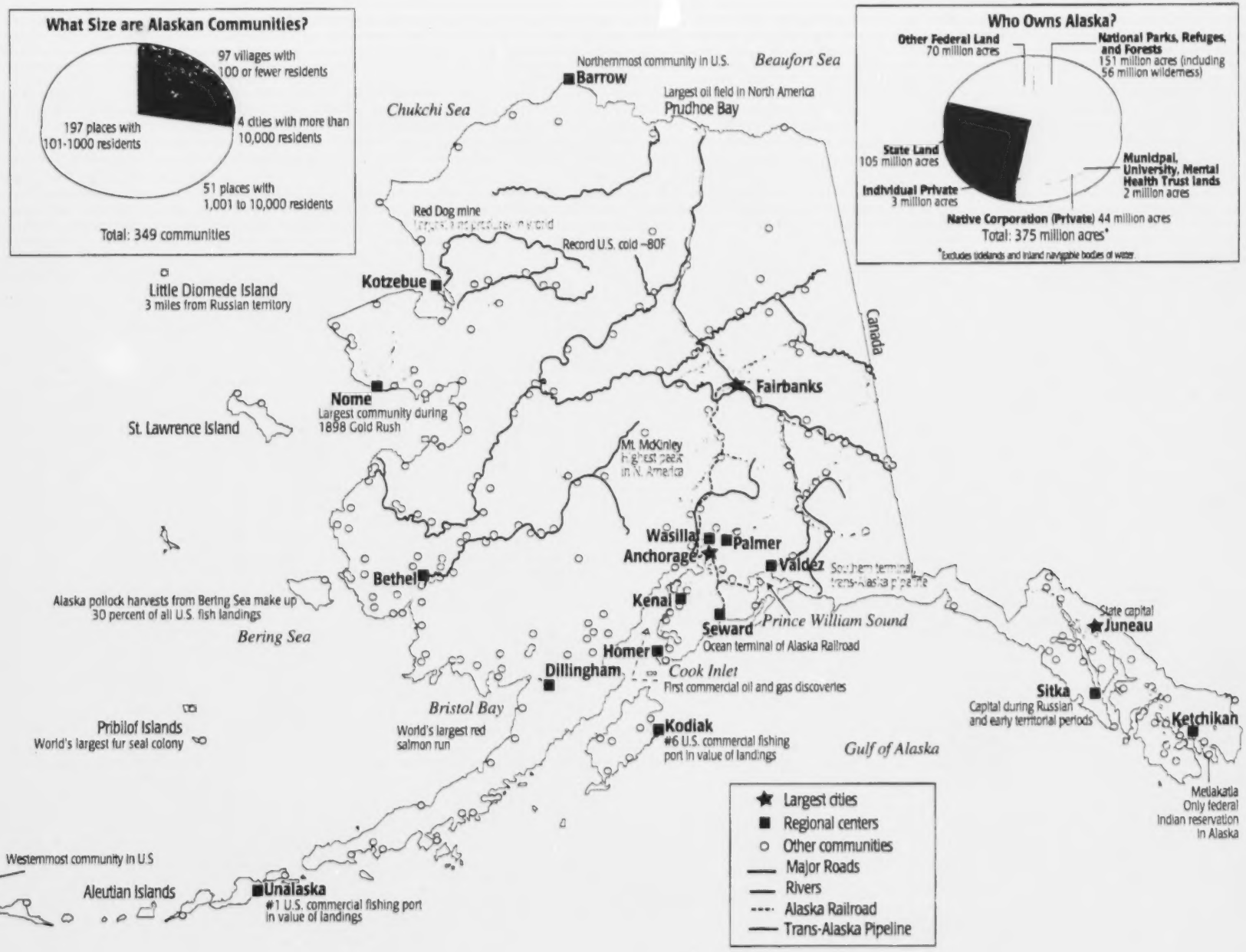
- **Alaska now has nearly 5 times the jobs and 3 times the population** it had 40 years ago. This isn't to say that Alaska has solved all the problems inherent in being a huge, far northern state with an economy that still relies, in one way or another, on its natural resources.
- **In 1968 Alaska had an enormous piece of luck:** the Prudhoe Bay oil field, the largest field in North America, was discovered on land the state government owns. Much of the social and economic change in Alaska since then can be traced to North Slope oil development.
- **Oil development had far broader effects** than any other development, because oil is so valuable—and, thanks to the state government, a big share of the profits from oil development went into the state economy. The state collected $55 billion in oil revenues through 2001, with the peak from 1980 to 1985. The state spent most oil money, expanding services and building infrastructure. But it also deposited some in the Permanent Fund—a savings account of about $24 billion in late 2001.
- **Massive state spending in the early 1980s created an unprecedented boom** that ended abruptly in 1986, when oil prices collapsed. The state no longer had the money to fuel rapid growth, and Alaska plunged into recession. The economy began recovering by 1990, but oil production fell throughout the 1990s—meaning smaller state oil revenues.
- **In 2001, the state continues to use oil revenues to pay most general expenses**. But the state had budget deficits in 6 of the past 8 years. Also, with less state spending, and with several basic industries losing jobs, Alaska's economy slowed dramatically in the 1990s. Alaskans are now thinking about how to broaden the economy and pay for government in the future.
- **Luckily, Alaska has valuable assets it lacked before North Slope oil development**: more people, improved infrastructure, reduced living costs, and—the biggest legacy of oil revenues—a Permanent Fund that is expected to produce $75 billion in earnings over the next 25 years.

Organization and Summary of Publication

This publication, prepared for Alaska 20/20 (see back page), looks at changes in population, employment, government, and much more in Alaska since statehood. It's divided into sections, with subject headers at the top of each page. Some of the big changes over time are summarized below.

- **A growing population** made possible local services and amenities Alaska lacked in 1959. But it also increased demand for state services—which today are mostly paid for by dwindling oil revenues.
- **People still move into and out of Alaska** with economic booms and busts. But more of those drawn to Alaska during the booms of the 1970s and 1980s stayed on when the economy slowed, giving Alaska a more stable, older population with fewer young adults.
- **The Alaska Native population doubled** in 30 years, as improved health care helped people live longer and reduced infant mortality. But that growth has implications for rural Alaska, where jobs are scarce, incomes are lower, and housing and utility systems are costly.
- **Alaska's economy has matured**—but it still depends heavily on state government spending and on a few resource industries. In the 1990s, the oil, timber, and seafood industries lost jobs.
- **Incomes of Alaskans** have dropped from far above the U.S. average to just about the average. That drop is somewhat—but not entirely—offset by a decline in Alaska's historically high living costs.
- **Slow job growth and stagnating incomes** are currently forecast for the coming decade.
- **Alaska's high-school students are less likely to graduate** than students nationwide, and half of Alaska's 10th graders failed required math and writing tests in 2001.
- **Alcohol kills Alaskans** at twice the U.S. rate. An estimated 5 per 1,000 babies born to Alaska Native mothers have Fetal Alcohol Syndrome—compared with fewer than 1 per 1,000 nationwide.
- **Alaskans have paid no personal state taxes** since 1980, and for many Alaskans, Permanent Fund dividend payments from the state now exceed the local taxes they pay.
- **State general spending per capita is down 50 percent** since 1985, taking inflation into account. And the state continues to face deficits as the population grows and oil revenues dwindle.


Alaska Population, 1890 - 2000
1897-1906: Gold Rush—population doubles
1890 -1920: Rapid growth in commercial salmon industry
1930s: Revival of gold mining
1940-1960: Military boom—population triples
1950s: Large-scale timber harvesting and processing begin in Southeast Alaska
1959: Alaska becomes a state
1964: Largest earthquake in U.S. history
1968: Discovery of Prudhoe Bay oil field, largest in North America
1973-1977: Pipeline construction boom—population up 25%
1980-1985: State oil-revenue boom—population up 30%
1986-1989: Oil price crash—recession
1989: Prince William Sound oil spill—largest on U.S. shores
1890 32,000
1900 64,000
1910 64,000
1920 55,000
1930 59,000
1940 72,000
1950 129,000
1960 226,000
1970 301,000
1980 402,000
1990 550,000
2000 627,000
Sources: U.S. Bureau of the Census; ISER publications; George W. Rogers and Richard A. Cooley, Alaska's Population and Economy; David Kresge, Thomas Morehouse, and George W. Rogers, Issues in Alaska Development



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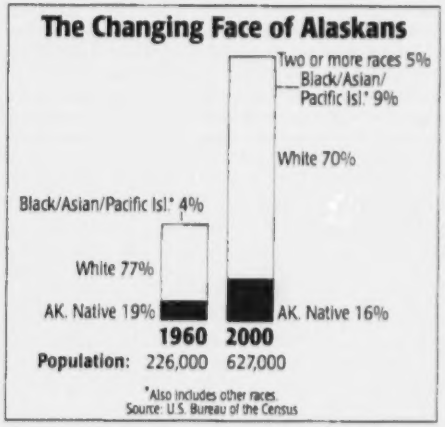
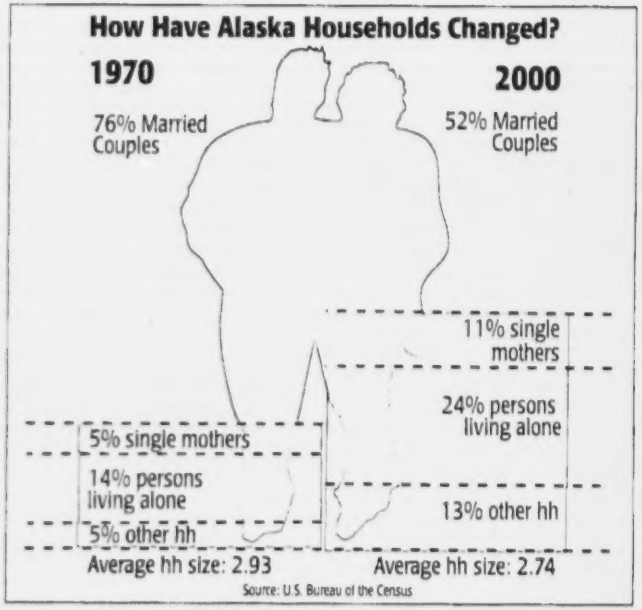
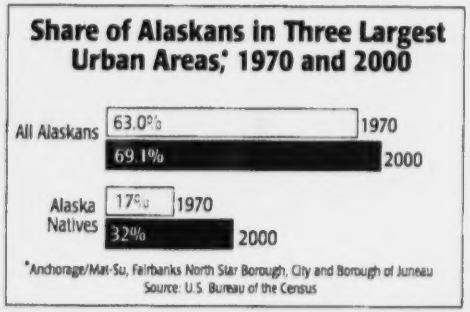
Historically, Alaska's non-Native population has been transient, with many people drawn to the state during economic booms and then leaving during the busts. The large military population also added to the high population turnover. More men than women came for the chance at high-paying but often temporary jobs. Few non-Natives were born and raised in Alaska, and few people retired in the state—which tended to keep the population young.

But in recent times, as Alaska's economy grew and more services and amenities became available, the population grew and became more like the broad U.S. population. The population has become:

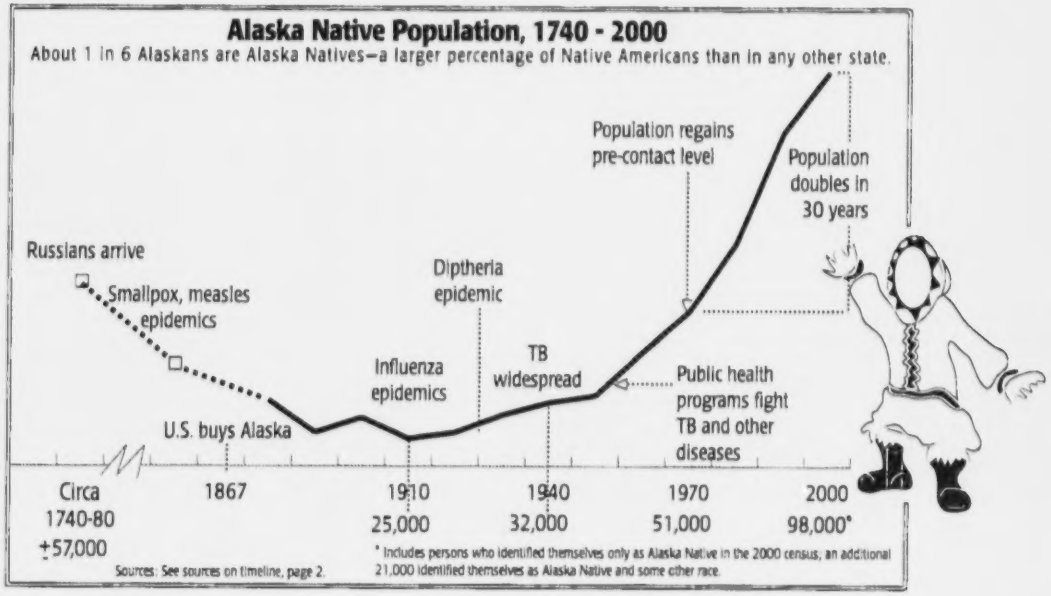
- **Larger**. Alaska's population tripled from 1960 to 2000, with the fastest growth during pipeline construction in the mid-1970s and in the years of high state oil revenues, 1980-85 (see timeline, page 2).
- **More diverse**. The share of Alaskans who are Black, Asian, or Pacific Islander more than doubled between 1960 and 2000.
- **More stable.** The share of residents who had been in Alaska at least 5 years grew from 57 percent in 1970 to 77 percent by 1990.
- **Older**. Alaskans' median age was 23 in 1960 and 32 in 2000.
- **Less likely to be men.** There were 132 men for every 100 women in Alaska in 1960; by 2000 the ratio was 107 to 100.
- **Less likely to be married couples.** In 2000, more households consist of single mothers, persons living alone, and "other" households, which include unmarried couples.
- **More concentrated.** Nearly three in four residents lived in and around Anchorage, Fairbanks, and Juneau by 2000. Most dramatically, the share of Alaska Natives in the large urban areas increased from 17 to 32 percent from 1970 to 2000.

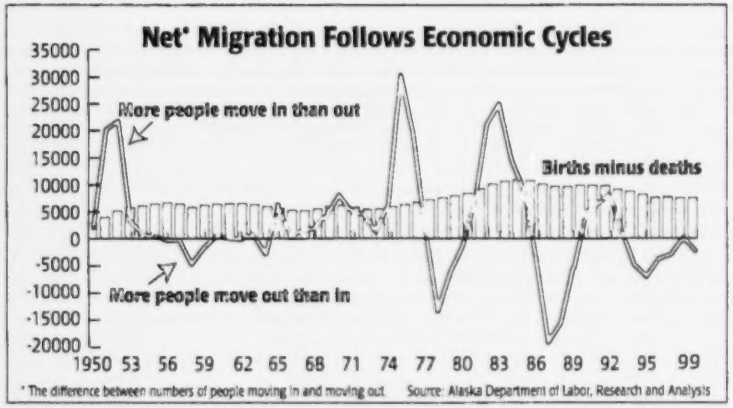


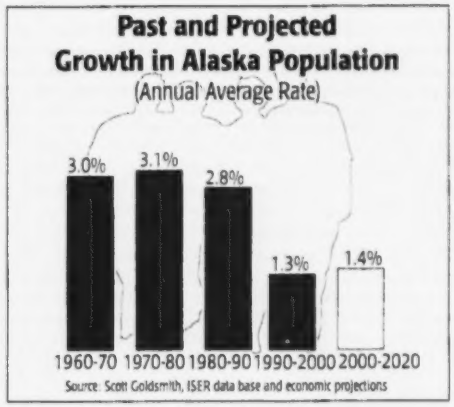




Alaska's Native population also saw significant changes since statehood, doubling between 1970 and 2000. That growth partly reflects improved health care for Alaska's Native peoples in recent decades, helping adults live longer and reducing infant mortality.


Alaska Native Population, 1740 - 2000
About 1 in 6 Alaskans are Alaska Natives—a larger percentage of Native Americans than in any other state.
Russians arrive
Smallpox, measles epidemics
U.S. buys Alaska
Influenza epidemics
Diptheria epidemic
TB widespread
Population regains pre-contact level
Public health programs fight TB and other diseases
Population doubles in 30 years
Circa 1740-80 ±57,000
1867
1910 25,000
1940 32,000
1970 51,000
2000 98,000*
Sources: See sources on timeline, page 2.
* Includes persons who identified themselves only as Alaska Native in the 2000 census; an additional 21,000 identified themselves as Alaska Native and some other race.

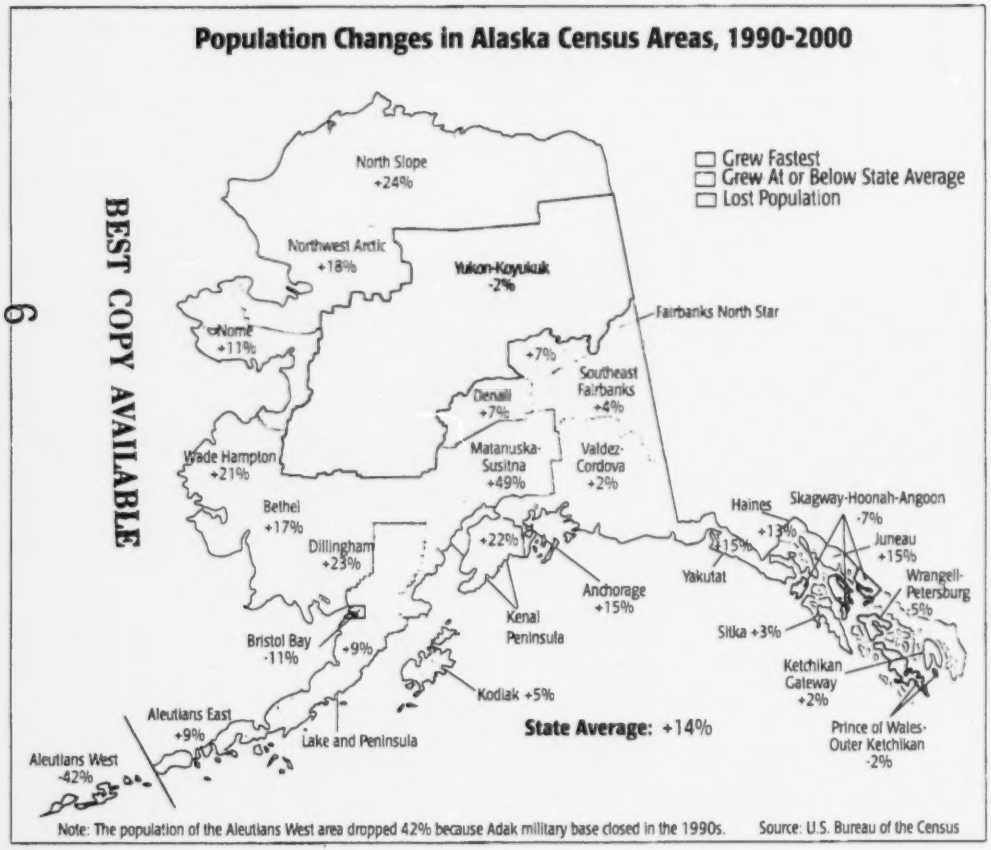


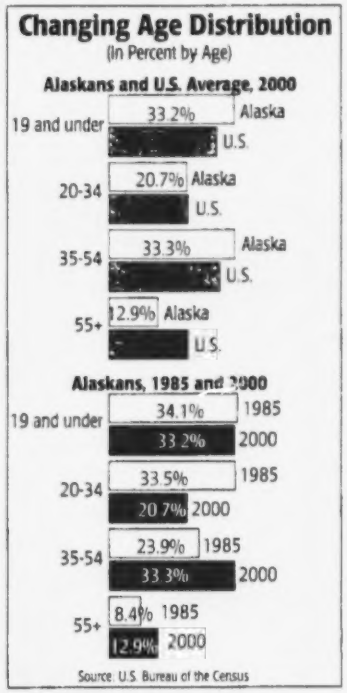


Alaska's population grew only about a third as fast in the 1990s as in earlier decades, and the population swings in and out of Alaska were more moderate, with births accounting for much of the growth. During the 1990s:

- **The Mat-Su Borough**—with lower housing prices, a rural setting, and within reasonable commuting distance to Anchorage—grew fastest.
- **Southwest and northern regions** with largely Native populations also grew faster than the state average.
- **Southeast Alaska**, hurt by declines in the timber industry, lost people, as did the Yukon-Koyukuk region.

Historically, Alaska had a young population, and in 2000 it still had more children and fewer people over 55. But those differences are narrowing. And between 1985 and 2000, the number of young adults (20-34) actually dropped nearly 30 percent while the number of older adults (35-54) leaped 60 percent. What changed during that time to create such a dramatic shift from younger to older adults?





- **Young adults** were drawn to Alaska during fast job growth in the 1970s and 1980s. The 1990s saw no such fast growth and no influx of young workers.
- **The number of military** in Alaska dropped in the 1990s; military personnel are typically young adults.
- **Many people who came** during recent economic booms stayed on, getting older and often retiring here; in the past, few older people stayed in Alaska.
- **Baby boomers**—born during the very high-birth years 1946-1964—are getting older, in Alaska and nationwide.
- **Birth rates** among non-Natives were lower from the late 1960s through the mid-1980s—so there aren't as many young adults as aging baby boomers.
- **Alaska has more children**, partly due to the higher Native birth rate (45% higher than all Alaska women) and younger population. Natives make up about 22% of all school-age children, compared with about 16% of the total population.

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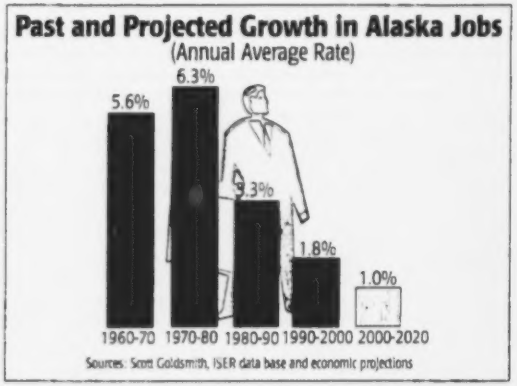
Alaska had five times more jobs in 1999 than in 1961. The mix of jobs shifted over time, as some industries grew much faster than others. And the make-up of the labor force changed, as many more women went to work. The number of jobs didn't grow steadily, but moved up sharply during booms and then slumped during busts (see timeline, page 2).

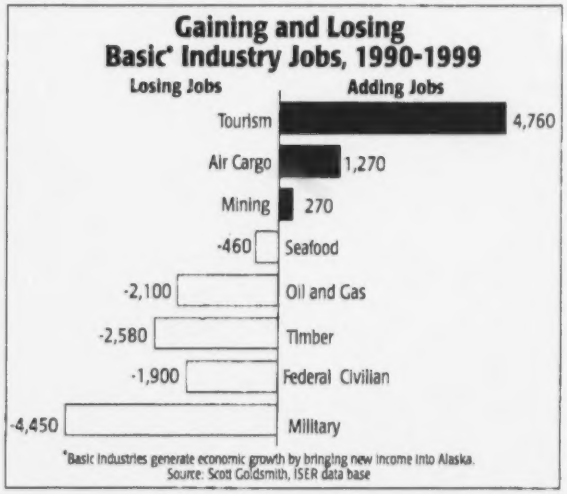
- **Growth was fastest** from 1973-1977, during the pipeline construction boom, and from 1980-1985, during the boom created by rapid state spending of oil revenues (see page 14).
- **Jobs slumped** when pipeline construction ended. A bigger slump followed from 1986-1988, when the collapse of oil prices—and state oil revenues—threw Alaska into recession.
- **Job growth slowed in the 1990s,** as oil production and state oil revenues dropped and several basic industries—those that bring new money into the economy—lost jobs.
- **Service and trade industries created half** the news jobs since 1960, as Alaska's economy matured and established local support industries and as tourism increased. Injection of about $1 billion annually into the economy from Permanent Fund dividends continued to fuel growth in these industries in the 1990s.
- **State and local governments** added 20 percent of new jobs since 1961, as the population grew, the state added services, and new local governments and school districts formed.
- **The resource and infrastructure industries** combined added about a third of the new jobs since statehood. But the resource industries are volatile, and employment moves up or down quickly with changes in production and commodity prices.
- **The seafood industry** expanded in the 1970s and 1980s with the recovery of Alaska salmon runs, development of profitable new crab fisheries, and replacement of foreign boats with American boats and processors in the huge Bering Sea groundfish fisheries. But in the 1990s, over-capitalization and competition from foreign farmed salmon eroded profits—leading to management changes and consolidation in both fishing and seafood processing.
- **Tourism** added more jobs than any other basic industry since 1990. The number of visitors climbed from 39,000 in 1961 to 1.1 million in 1998.
- **The petroleum industry** added jobs as North Slope production grew. But falling production and lower oil prices cost Alaska jobs in the 1990s.
- **Mining added few jobs** until the 1990s, when mineral production—chiefly zinc—increased sharply.
- **Timber harvests and employment** grew through the 1980s. But by the late 1990s, reduced harvests and closure of pulp mills cut employment in half.

Regional job growth varied in the 1990s, depending on the mix of local jobs.

- **The Mat-Su region** added many jobs, as its population grew and its economy expanded. The Denali Borough added a lot of seasonal tourism jobs.
- **Southwest areas** added jobs in local government and in non-profit arms of Native corporations (see page 8).
- **Southeast Alaska** was hurt by declines in the timber and seafood industries.
- **Jobs on the North Slope** and in Valdez are tied to the health of the oil industry.

Many Alaskans are worried because it looks as if there won't be nearly as many new jobs in the future as in the past—although the past teaches us that Alaska's economic outlook can change unpredictably. Rural Alaska, which has a mostly Alaska Native population, faces particular problems. Jobs in the cash economy are scarce, despite the new jobs added in the 1990s, and the prospects for future growth are limited. Alaska Natives have historically not been in the labor force to the same extent as other Alaskans (see table)—and large numbers of Natives born in recent decades will soon be looking for jobs.





Share of Alaskans in Work Force*

	1960	1970	1980	1990
All women	39.4	45.7	58.9	65.9
Native women	N/A	31.0	42.8	51.4
All men	76.8	78.8	78.5	79.9
Native men	N/A	50.6	54.2	60.1

Estimated growth in working-age Alaska Natives, 1995-2005: 25%

* Population 16 and over, with jobs or looking for work. Excludes military.
Sources: U.S. Bureau of the Census, ISER estimates

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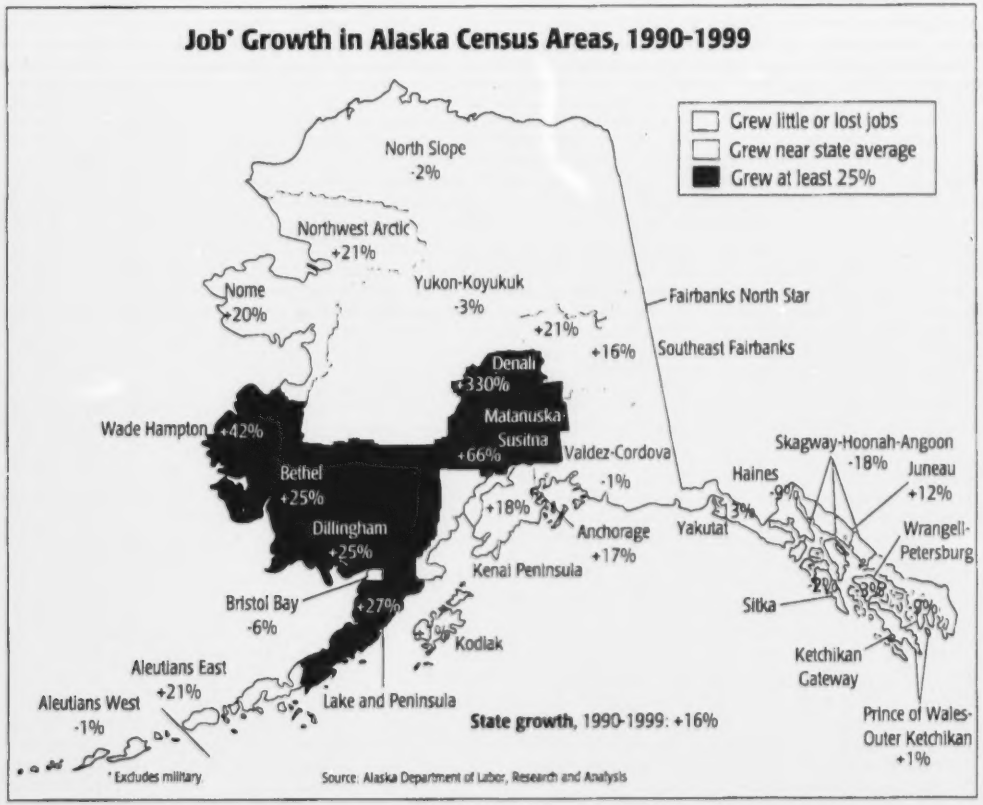


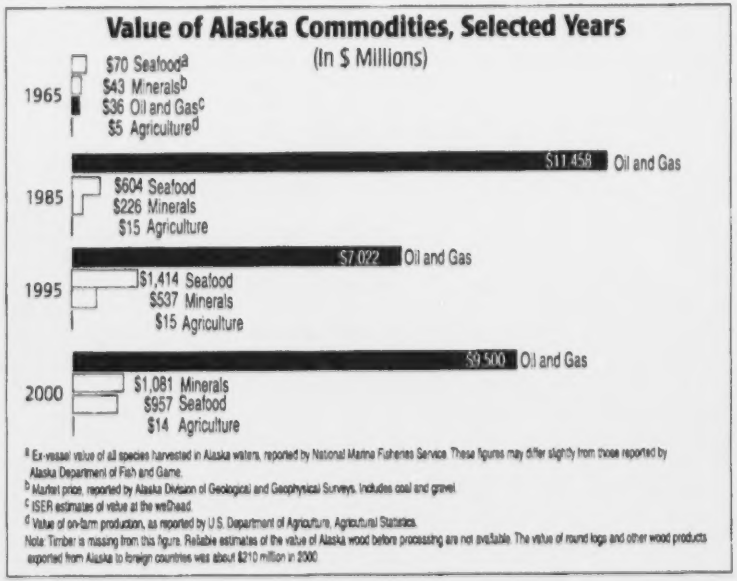
Commodities—salmon, petroleum, minerals, timber—have long been mainstays of Alaska's economy. Commodity values depend not only on production but on prices, which can move up or down quickly with changes in world markets.

- **Seafood was the most valuable** commodity in 1965, followed by minerals.
- **Oil became by far the most valuable commodity** with the start of North Slope production and remains so, despite lower production.
- **The value of mineral production exceeded that of seafood** in 2000, with increased production of zinc and other minerals and low salmon prices.
- **Agriculture remains small,** with most production for local markets.
- **No reliable estimates exist** of the value of Alaska wood before processing.

Industries that export commmodities, and a few that export services (like tourism), bring new money into Alaska. Other industries—from finance to construction—supply services to residents and rely on money circulating in the economy.

All industries contribute to jobs and to gross state product (the annual value of industrial and government production). But the relative contributions depend on the value of production, compared with the number of workers required for production.

- **Oil has high value** but requires relatively few workers to produce.
- **Service and trade industries (including tourism) hire a lot of workers** who typically don't earn much—so they contribute more to jobs than to GSP.
- **Seafood is a valuable commodity that requires many workers** to catch and process—so it contributes nearly twice as much to jobs as to GSP.


Value of Alaska Commodities, Selected Years
(In $ Millions)
1965
$70 Seafood[a]
$43 Minerals[b]
$36 Oil and Gas[c]
$5 Agriculture[d]
$11,458
Oil and Gas
1985
$604 Seafood
$226 Minerals
$15 Agriculture
$7,022
Oil and Gas
1995
$1,414 Seafood
$537 Minerals
$15 Agriculture
$9,500
Oil and Gas
2000
$1,081 Minerals
$957 Seafood
$14 Agriculture
[a] Ex-vessel value of all species harvested in Alaska waters, reported by National Marine Fisheries Service. These figures may differ slightly from those reported by Alaska Department of Fish and Game.
[b] Market price, reported by Alaska Division of Geological and Geophysical Surveys. Includes coal and gravel.
[c] ISER estimates of value at the wellhead.
[d] Value of on-farm production, as reported by U.S. Department of Agriculture, Agricultural Statistics.
Note: Timber is missing from this figure. Reliable estimates of the value of Alaska wood before processing are not available. The value of round logs and other wood products exported from Alaska to foreign countries was about $210 million in 2000.

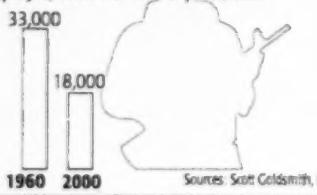
Alaska's economy has a number of special aspects, including:

- **Alaska Native corporations are unique to Alaska** (see box at right). The regional Native corporations in particular are a growing economic force.
- **The military has been a mainstay of Alaska's economy** since World War II, when Alaska's strategic military location became clear. Today, even with numbers of military personnel at about half their 1960 levels, Department of Defense spending remains critical to Alaska's economy.
- **More Alaska jobs are in non-profit businesses,** especially in health care and social assistance services—including services for children and emergency shelters—and in civic, charitable, and advocacy groups. The exception is arts and entertainment, where U.S. employment in non-profits is higher.

The Military in Alaska

The military has been a mainstay of Alaska's economy since World War II.

The military remains the largest single employer, even with fewer personnel.



Military activities still contribute about $7 of every $100 of gross state product.

Department of Defense spending in FY 2000 topped $1.5 billion.

Payroll	$734 million
Equipment, Supplies	$844 million

Sources: Scott Goldsmith, ISER data base; Consolidated Federal Funds Report

Non-Profit Businesses in the Alaska Economy, 1997

(Share of Employment in Non-profit Businesses)[a]

	Alaska	U.S.
Health care/social services[b]	70%	54%
Other Services[c]	33%	23%
Arts/entertainment[d]	11%	24%
Educational services[e]	40%	23%

[a] Businesses exempt from federal taxes, as identified by the U.S. Bureau of the Census.

[b] Includes hospitals, health clinics, nursing homes, and doctors' offices; social assistance services for children, the elderly, and the disabled; and food, temporary shelter, and other emergency services.

[c] Includes civic and charitable organizations, environmental and other advocacy groups; and chambers of commerce and professional associations. Excludes government agencies and other organizations (like Alaska's regional housing authorities) that administer public programs. Also excludes religious organizations and labor unions.

[d] Includes museums, historical sites, performing arts companies, and some organizations promoting the arts.

[e] Includes some technical training, business, fine arts, language, and sports instruction schools. Excludes elementary and secondary schools, colleges, and universities.

Source: U.S. Bureau of the Census, 1997 Economic Census

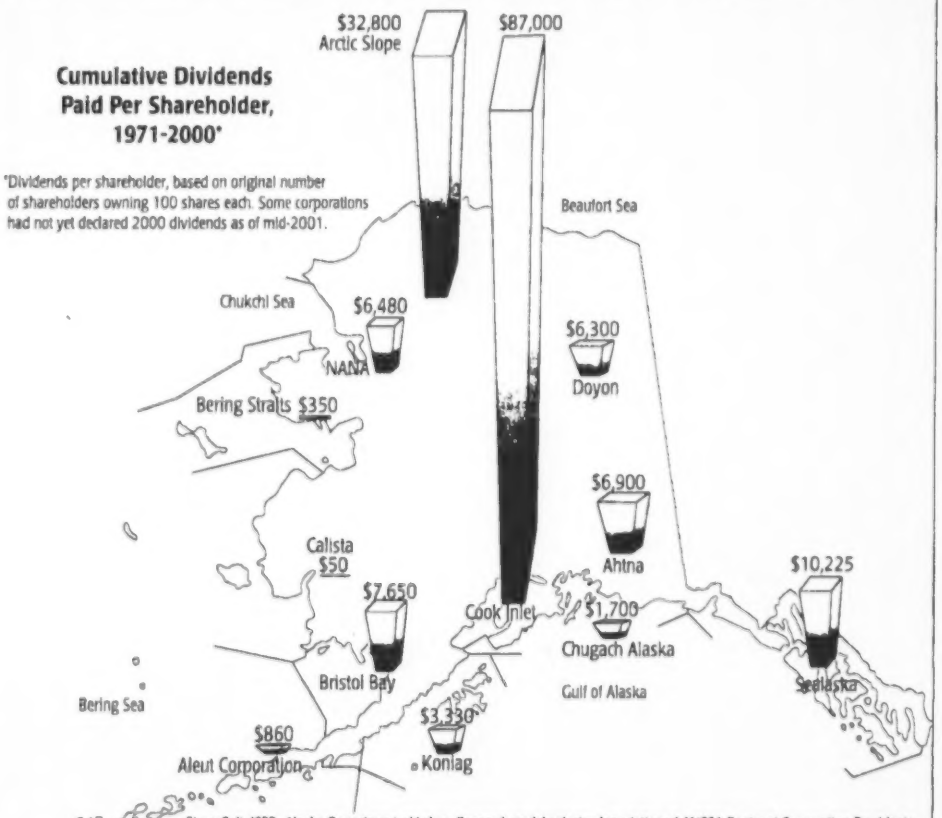
Alaska Native Corporations in the State's Economy, 2001

The 1971 Alaska Native Claims Settlement Act awarded Alaska Natives 44 million acres and $1 billion and established 12 regional and more than 200 village corporations to manage the land and money. Those corporations:

- Are by far Alaska's largest private land owners, with regional and village corporations owning 12 percent of Alaska lands. All other private landowners together own only 1 percent.
- Own all or part of at least 125 businesses in Alaska and employ more than 10,000 Alaskans.
- Represent 1 in 6 of the state's 100 largest private employers.
- Have taken over (through non-profit arms) administration of federal and state health care programs in many rural areas.
- Have paid, to date, roughly $1 billion in dividends to shareholders. Shown below are regional corporation boundaries and per shareholder dividends through 2000. Broadly speaking, corporations that either own lands with marketable resources—or that are able to take advantage of resource development—have been the most successful. Cook Inlet Regional Corporation has paid the highest dividends, mostly from investments in oil, gas, and telecommunications. Arctic Slope Corporation's most successful investments are in oilfield services; Sealaska has profited from logging operations.

Cumulative Dividends Paid Per Shareholder, 1971-2000*

*Dividends per shareholder, based on original number of shareholders owning 100 shares each. Some corporations had not yet declared 2000 dividends as of mid-2001.



Sources: Steve Colt, ISER; Alaska Department of Labor, Research and Analysis; Association of ANCSA Regional Corporation Presidents

Change in Income of Poorest and Wealthiest Families, 1978-80 to 1996-98

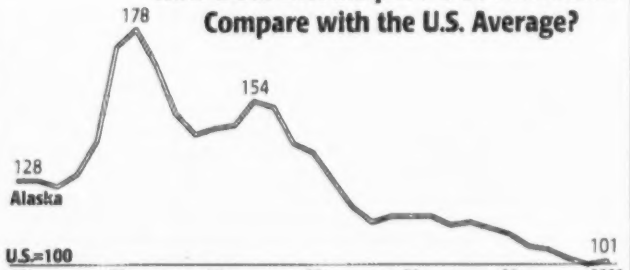
Alaska was the only state where incomes of the poorest families grew faster than incomes of the wealthiest.

Average Family Incomes, 1996-98

	Alaska	U.S.
Poorest One Fifth	$18,264	$12,986
Wealthiest One Fifth	$147,432	$137,485

Source: Economic Policy Institute, Center on Budget and Policy Priorities, based on U.S. census, CPS

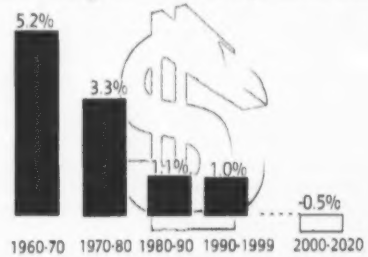
How Does Income per Person in Alaska Compare with the U.S. Average?



Source: U.S. Bureau of Economic Analysis

Past and Projected Growth in Real Per Capita Income

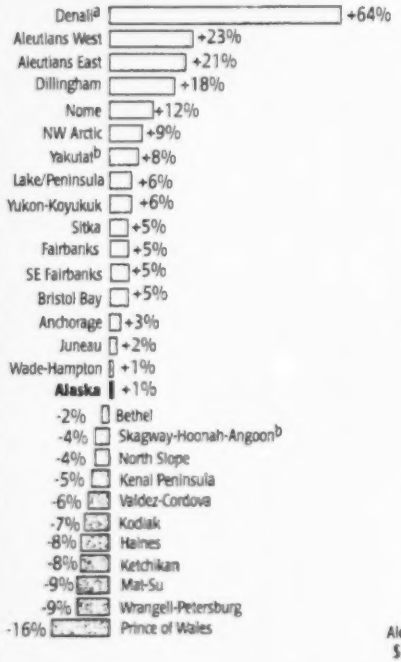
(Percent Change Over Decade, Adjusted for Inflation)



Source: Scott Goldsmith, ISER data base and economic projections

Per Capita Income in Alaska Census Areas, 1999

Change in Real (Adjusted for Inflation)* Per Capita Income, 1990-99



[a]1991-99 [b]1993-99 *Adjusted by Anchorage consumer price index

Source: U.S. Bureau of Economic Analysis

- **Per capita incomes** of Alaskans rose sharply in the 1970s, reflecting the pipeline construction boom that created many high-paying jobs. Incomes remained 50 percent above the U.S. average in the early 1980s, during the boom created by high state spending.
- **Alaskan incomes fell to the U.S.** average by 2000. That decline reflects slower job growth, elimination of high-paying jobs, like oil-industry and construction jobs, and the addition of lower-paying trade and service jobs.
- **Alaska was the only state** where incomes of the poorest families grew faster than incomes of the wealthiest in recent times—likely due to Permanent Fund dividend payments (see page 15).
- **Real incomes** (adjusted for inflation) of Alaskans rose just 1 percent in the 1990s, with some regional incomes rising faster and some falling.
- **Wide income disparity** still existed among regions in 1999, with rural incomes generally lower. But these figures don't take into account either the higher rural living costs or the substantial value of rural subsistence harvests.

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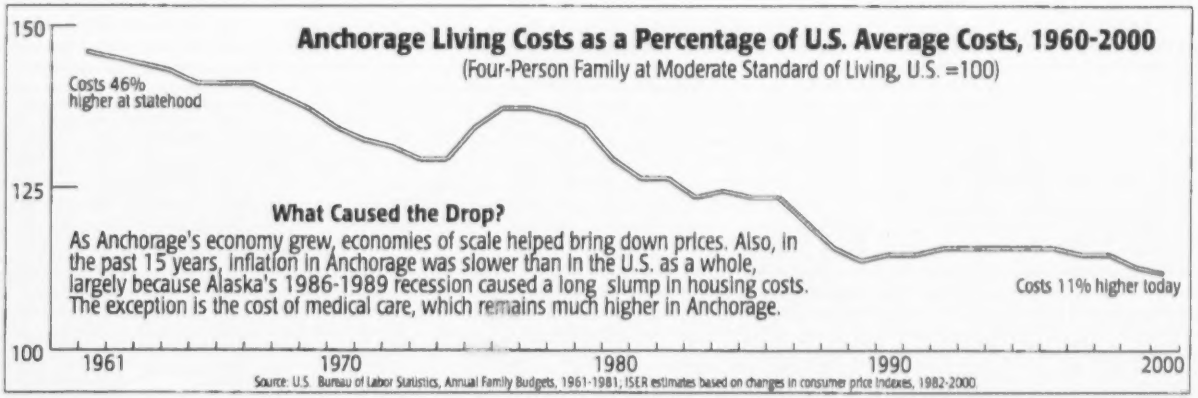

Anchorage Living Costs as a Percentage of U.S. Average Costs, 1960-2000
(Four-Person Family at Moderate Standard of Living, U.S. =100)
150
125
100
Costs 46% higher at statehood
What Caused the Drop?
As Anchorage's economy grew, economies of scale helped bring down prices. Also, in the past 15 years, inflation in Anchorage was slower than in the U.S. as a whole, largely because Alaska's 1986-1989 recession caused a long slump in housing costs. The exception is the cost of medical care, which remains much higher in Anchorage.
Costs 11% higher today
1961
1970
1980
1990
2000
Source: U.S. Bureau of Labor Statistics, Annual Family Budgets, 1961-1981; ISER estimates based on changes in consumer price indexes, 1982-2000

Increases in Consumer Price Indexes, 1985-2000

	Anchorage	U.S. City Average
Overall Index	+43%	+60%
Housing	+30%	+58%
Transportation	+39%	+44%
Food and Beverages	+43%	+59%
Medical Care	**+145%**	**+130%**

Hospital Room Charge per Day, 2000

Sources: U.S. Bureau of Labor Statistics; ACCRA Urban Area Index, First Quarter 2000

Living in Alaska has historically cost more than the national average. Alaska is far from the contiguous states; transporting goods here adds to their costs; small communities can't take advantage of economies of scale; building in remote arctic areas (often underlain by permafrost) is expensive; many communities are accessible only by air or water.

But over time the costs of living in Anchorage and other large urban areas have moved much closer to the U.S. average, largely thanks to:

- Larger local economies
- More efficient transportation
- Lower inflation in Anchorage than in other U.S. cities over the past 15 years. That was particularly true of housing prices, which tumbled during the 1986-1989 recesssion and were slow to recover.

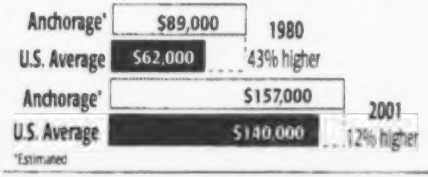
Living in remote communities is still much costlier—a problem compounded by the lower money incomes in rural areas. Housing costs are particularly high, including not only costs of building in places with harsh climates, difficult terrain, and no road access, but also the high costs of electricity and other utilities.

But it's difficult to make overall comparisons of living costs in urban and in rural Alaska, because people's spending patterns—and choices of things to buy—are much different in cities and villages. Also, Alaskans who hunt and fish substantially reduce their costs for food, which is a significant part of living costs.

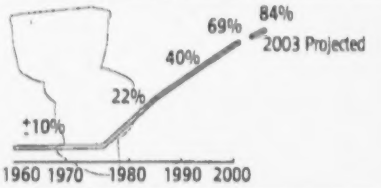
Alaska Housing Costs and Conditions

- Prices for existing houses in Anchorage are much closer to the U.S. average than they used to be, because house prices in other cities have risen faster.
- Costs per square foot for new houses can be 50 percent or more higher in remote Alaska areas than in communities along the road system.
- Rents in Alaska remain high, relative to those in many other U.S. cities. Four in 10 renter households in Anchorage couldn't afford 2-bedroom housing at HUD fair market rents in the late 1990s, according to the National Low Income Housing Coalition.
- 1 in 3 Native households reported being overcrowded in 2000, and 1 in 3 were on waiting lists for housing. Since the late 1990s, HUD has built about 170 houses a year in Native communities.
- Between 1989 and 2000, the state and federal governments spent close to $750 million to bring safe water and sewer systems to rural communities. But 1 in 3 rural households still lack plumbing.
- Without state subsidies, costs of electricity in remote communities can be four times or more higher than in urban places.

Median Price of Existing Houses

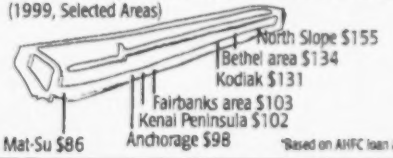


Rural Homes with Running Water and Flush Toilets



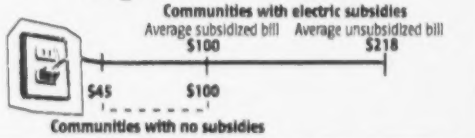
Cost Per Square Foot, New House Construction*

(1999, Selected Areas)

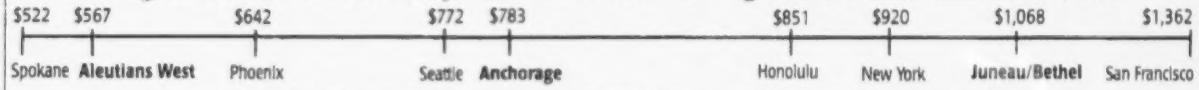


*Based on AHFC loan applications

Range of costs for 500 KWH



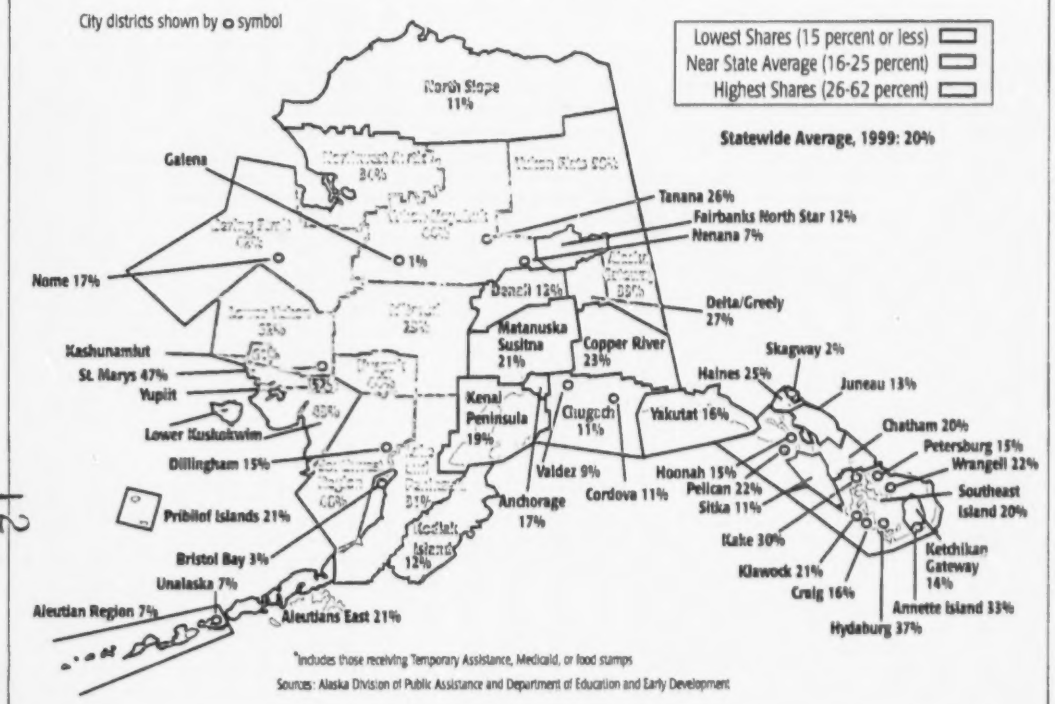
Range of HUD Fair Market Monthly Rents for 2-Bedroom Housing, Selected Areas, Alaska and U.S., 2000



Sources: National Association of Realtors; Alaska Housing Finance Corporation; Alaska Regulatory Commission; Alaska Department of Environmental Conservation; HUD Office of Native American Programs, Regional Housing Authorities; National Low Income Housing Coalition

Share of School Children With Parents Receiving Public Assistance*

(Among 53 School Districts, 1999-2000 School Year)



*Includes those receiving Temporary Assistance, Medicaid, or food stamps

Sources: Alaska Division of Public Assistance and Department of Education and Early Development

Local Alcohol Control in Native Communities

Alaska Natives are far more likely to die by accident, suicide, or homicide than other Alaskans and other Americans–and analysts say alcohol contributes to most of those deaths. But since the 1980s, more than 100 of Alaska's Native communities have voted to control alcohol under the state's local options laws, and analysts see signs that local controls may be reducing violent deaths:

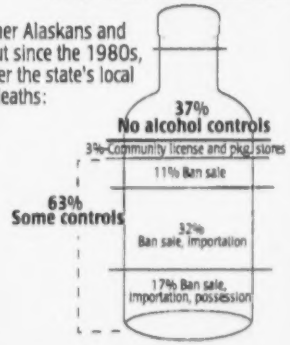
- Researchers found that communities controlling alcohol may have prevented one in five violent deaths that would otherwise have occurred.[a]
- Alaska Native death rates from accidents and homicides were lower in the 1990s than in the 1980s.[b]

Annual average deaths per 100,000, age-adjusted

	1980-1990	1990-1998
Accidents	138	118
Suicides	48.6	46.1
Homicides	31.6	18.1

[a] Matthew Berman and Teresa Hull, ISER [b] Alaska Bureau of Vital Statistics

Status of local alcohol controls in 168 small rural communities[c]



[c] ISER calculations based on records of Alcoholic Beverage Control Board

This page provides a glimpse of the health and well-being of Alaskans:

- **Across Alaska, 1 in 5 school children** are from families receiving some form of public assistance. In some rural areas, that share is 6 in 10.
- **Alaska has high rates of alcohol-related deaths** (from disease and violence) and of Fetal Alcohol Syndrome. Among Alaska Natives, FAS is estimated at 4 times the state rate and nearly 10 times the U.S. rate.
- **Alaska Native communities that control alcohol** may be reducing the high rates of violent death that have prevailed for decades.

Health of Alaskans and Other Americans, 1990s

	Alaska[a]	Alaska Native[b]	U.S. Average[c]
Infant mortality (Deaths per 1,000 births)	7.2	10.4	7.2
Babies born with Fetal Alcohol Syndrome (Estimated rate per 1,000 births)[d]	1.4	4.8	0.5
Two-year-olds with recommended immunizations	82%	N/A	80%
Teen birth rate (Births per 1,000 girls, 15-19)	47.8	85.1	51.1
Obesity among adults (2000) (Adults with body mass indexes at least 30kg/m)	20.5%	N/A	19.8%
Cigarette smoking among adults	27%	42%	23.5%
Alcohol-related deaths[e] (Age-adjusted per 100,000, annual average, 1990-1999)	16.3	N/A	6.8
Tuberculosis (Incidence per 100,000)	9.8	33.9	7.4
Deaths from heart disease (Age-adjusted, per 100,000)	72	72.3	105
Deaths from cancer (Age-adjusted, per 100,000)	202.4	204	205.7
Accidental deaths (Age-adjusted per 100,000)	42	98.3	28.9
Suicides (Age-adjusted per 100,000)	20.3	42.3	10.3
Homicides (Age-adjusted per 100,000)	7.6	13.5	7.3

[a] As of 1998 or 1999 [b] Annual average, 1996-1998 or 1997-1999

[c] As of 1997 or 1998

[d] Average for 1995-98. These are the most recent figures available from the Alaska Fetal Alcohol Syndrome Surveillance Project. They are not directly comparable to earlier figures, because the current methodology is different.

[e] Includes all deaths from various causes with an explicit mention of alcohol.

Sources: Alaska Bureau of Vital Statistics; Annie E. Casey Foundation; Journal of the American Medical Association, October 27, 1999; Alaska Department of Health and Social Services, Division of Alcoholism and Drug Abuse; U.S. Center for Disease Control; National Institute on Alcohol Abuse and Alcoholism; Alaska Fetal Alcohol Syndrome Surveillance Project

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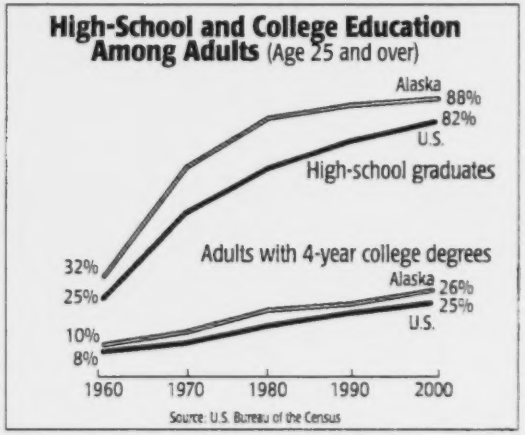
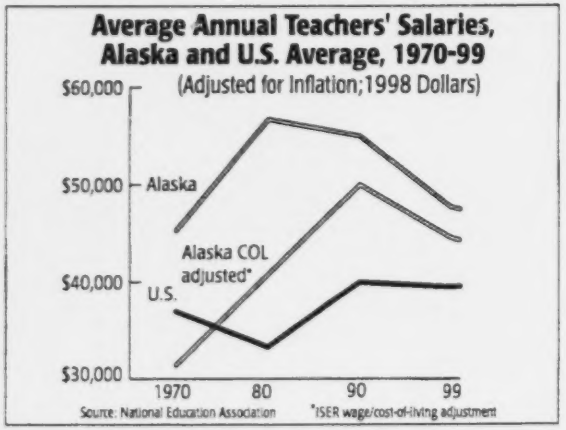
The picture of education in Alaska is mixed: the adult population is well-educated, but in the 1990s Alaska's teenagers were less likely to graduate from high school and less likely to go on to college than other U.S. students. And more than half the high-school sophomores in 2001 couldn't write or do math well enough to pass the High-School Graduation Qualifying Exam, which was introduced in 2000.

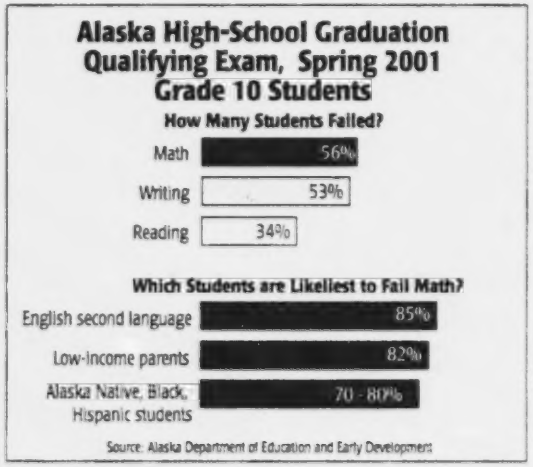
- **The share of Alaska adults with high-school diplomas** nearly tripled between 1960 and 2000. The share of adults with four years of college more than doubled.
- **Alaska's adult population is better educated** than U.S adults on average, but the gap has narrowed since 1980.
- **More than half of Alaska's 10th graders failed** the math and writing sections of the Spring 2001 Graduation Qualifying Exam, and a third failed the reading section.
- **The likeliest to fail** the math section were those who speak English as a second language, those who come from poor families, and those who are Alaska Native, Black, or Hispanic.
- **Alaska had the lowest rate** in the nation of high-school graduates going on to college in the 1990s: just 40 percent started college within a year of graduating, compared with a national average of 61 percent.
- **Also below the national average** was the share of high school seniors graduating in Alaska in the 1990s—just 84 percent, compared with a U.S. average of 92 percent.
- **More college freshmen from Alaska leave** their home state to attend school than do freshmen from any other state. From 1992 to 1998, the share of Alaska's college freshmen attending college outside increased from 48 to 60 percent.
- **Alaska teachers** earn more than the U.S. average—but the gap is much smaller than in 1980. Taking inflation into account, teachers' salaries nationwide climbed in the 1990s, while salaries in Alaska fell.
- **Adjusted for Alaska's higher** cost of living, teachers in Alaska earned on average about 8 percent more than teachers nationwide in 1999—compared with 25 percent more in 1990.

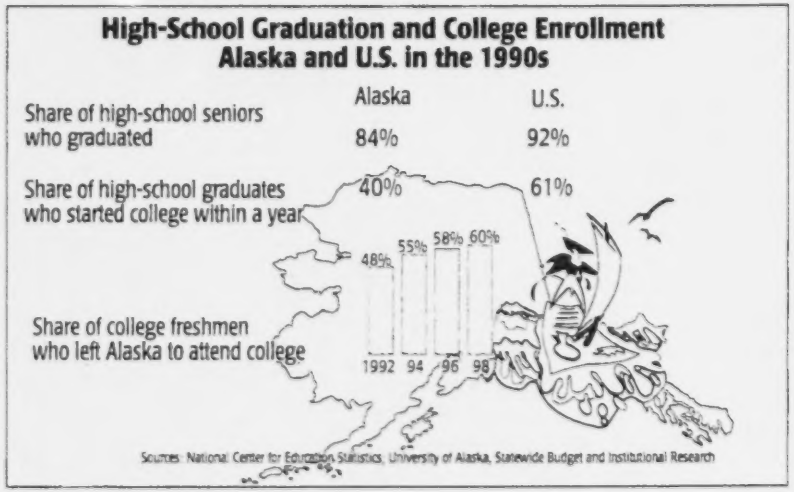
On the facing page we look broadly at Alaska's air and water and fish and wildlife:

- **Data on air and water quality** have never been collected in most areas of Alaska.
- **Sport hunters and anglers take only about 1 percent** of the total fish and wildlife harvest, even though numbers of sport anglers have grown sharply since 1970. Sport harvests are, however, concentrated in a few areas. Most non-resident anglers buy just one- or three-day fishing licenses.
- **Annual subsistence harvests are major sources of food** in Alaska. Buying replacement food could cost rural households thousands of dollars, assuming meat and fish would cost $3 to $5 per pound. Aside from their economic importance, these harvests also have cultural and other importance for Alaska Natives.









Air Quality in Alaska

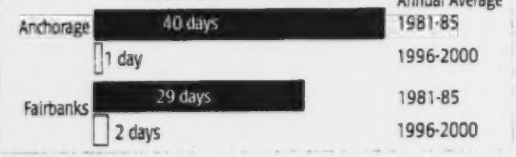
- Alaska air quality is rated "good" almost all the time in the five areas the EPA monitors.
- The state's biggest pollution problems have been high levels of carbon monoxide in Anchorage and Fairbanks on winter days when temperature inversions trap vehicle emissions near the ground. In the 1980s the two cities were among the worst violators of EPA standards nationwide. But newer cars with reduced emissions, ethanol-blended gasoline, vehicle inspection programs, and other changes have sharply cut carbon monoxide levels.
- Fine particles of dust, ash, or silt in the air ("particulate matter") have exceeded what EPA considers healthy levels in Anchorage and the Mat-Su Valley on a few days in recent years.

Percentage of Days During 2000 with Good and Unhealthy Air*

	Good Air	Unhealthy Air
Anchorage	87%	0
Mat-Su Borough	98%	1%
Fairbanks NS Borough	82%	1%
Yukon-Koyukuk census area	100%	0
Juneau	100%	0

*As measured by EPA's pollutant standards index, which reports combined pollution from carbon monoxide, nitrogen dioxide, ozone, lead, particulate matter, and sulfur dioxide. In Alaska, EPA monitors only carbon monoxide, particulate matter, and ozone. Not all locations reported pollution levels on all days, and the EPA notes that pollution at a specific monitoring site doesn't necessarily reflect conditions in the broader area.

Number of Days When Carbon Monoxide Levels Exceeded EPA Standards



Water Quality in Alaska

- Little information exists about water quality in much of Alaska. The EPA reports that it doesn't have enough information to characterize the overall health of any of the state's 136 watersheds as of 2000.
- Alaska's watersheds are "presumed to be in relatively pristine condition," according to the Alaska Department of Environmental Conservation (DEC). But urban runoff, mining in the Interior and Northwest, seafood processing in the Aleutians, and wood processing in Southeast have polluted individual waterways.
- Ground water is "presumed to be excellent quality" in most of Alaska, according to DEC. But leaking fuel storage tanks, improper wastewater disposal, contamination at military installations, failed septic systems, and other problems have harmed ground water in specific locations.

Sources: EPA Office of Air Quality Planning and Standards; EPA Index of Watershed Indicators; Alaska Department of Environmental Conservation, Division of Air and Water Quality; Municipality of Anchorage, Environmental Services Division; Fairbanks North Star Borough, Community Research Center

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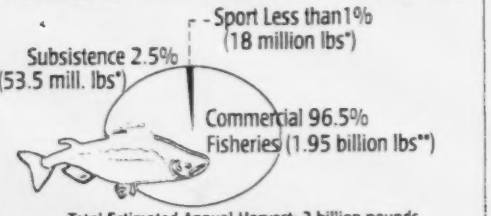
Who Harvests Alaska's Fish and Wildlife?



Total Estimated Annual Harvest: 2 billion pounds

* Estimated usable weight. **Estimate based on dressed weight of 1994 commercial harvest of all species except pollock. Unlike other fish, pollock is harvested just commercially.

Source: Robert Wolfe, Alaska Department of Fish and Game, Subsistence Division, 2000

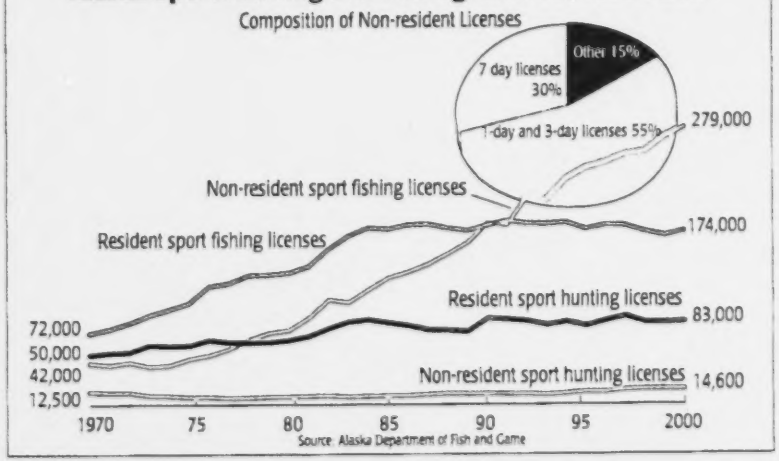
What's the Annual Subsistence Harvest Per Person, and What Would it Cost to Buy That Food?

	Harvest Per Person	Est. Cost of Buying at $4/lb
Northern/Western/Interior	516-664 lbs.	$2,064-$2,656
Southwest/Aleutians	373 lbs.	$1,492
Rural Southcentral/Southeast/Kodiak	153-178 lbs.	$612-$712
Kenai Peninsula/Mat-Su	27-40 lbs.	$108-$160
Anchorage/Fairbanks/Juneau	16-35 lbs.	$64-140

Est. Annual Harvest: 53.5 million lbs. Est. Value at $3 - $5 per Pound: $160 million - $267 million

Source: Robert Wolfe, Alaska Department of Fish and Game, Subsistence Division, 2000

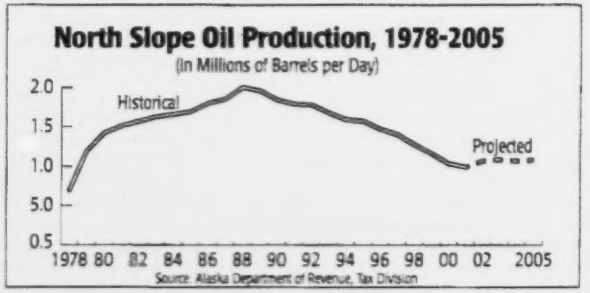
Alaska Sport Hunting and Fishing Licenses, 1970-2000

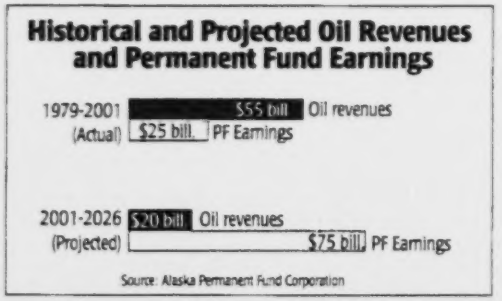


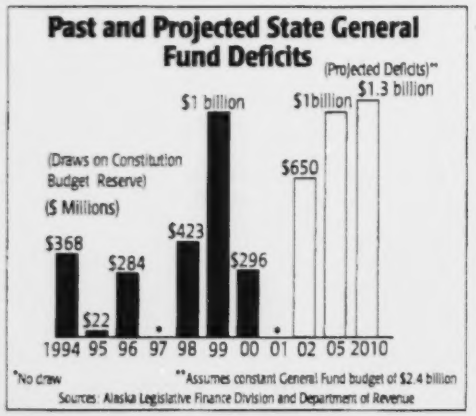
Source: Alaska Department of Fish and Game

Alaska's state government collects taxes, royalties, and fees that mostly go into the General Fund and can be spent for many purposes. The state also receives federal grants, but those are usually restricted to a specific use (like paying the federal share of Medicaid). The state's income and spending patterns have changed considerably over the past few decades:

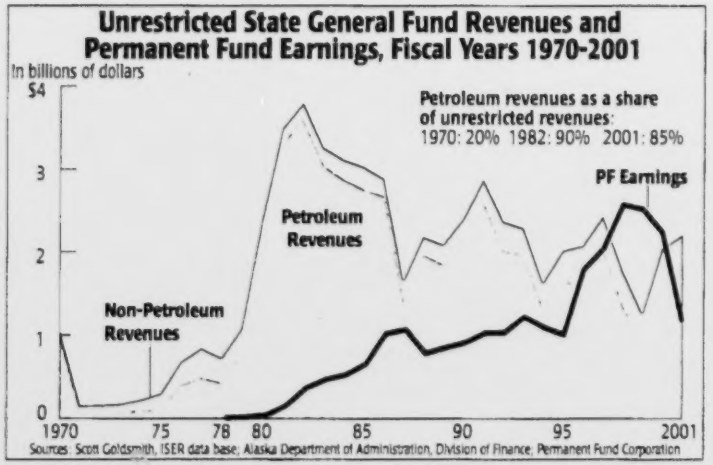
- **Federal grants covered more than half** the state budget in the 1960s. The state's own modest revenues came from various charges and taxes—including taxes on personal income and commercial fish—and from oil and gas production in Cook Inlet, which began in the 1950s but has always been a small fraction of North Slope production.
- **The 1968 discovery of the 10-billion-barrel** Prudhoe Bay oil field proved a bonanza for the state government, which owns the field. At peak production, the field supplied 3 percent of the world's oil—and some years of high production coincided with high oil prices.
- **The state collected $55 billion** in petroleum revenues through 2001; those revenues have paid almost all state general expenses since 1978. The state eliminated personal income taxes in 1980; it still taxes corporate income, commercial fish, fuel, alcohol, and tobacco.
- **The state saved a share of oil revenues** in the Permanent Fund, a savings account voters approved in 1976. In late 2001 the fund balance was about $24 billion, and fund earnings through 2001 totalled $25 billion—which was nearly half as much as the state collected in petroleum revenues.
- **When oil revenues were highest**, between 1980 and 1985, state spending fueled an economic boom that pushed employment up 34 percent.
- **The 1986 oil price collapse** cut petroleum revenues by half and plunged Alaska into a recession, as state spending dropped.
- **Oil production dropped by half** in the 1990s, reducing oil revenues; revenues fluctuated as oil prices changed, but the overall trend was down.
- **The state had budget deficits** 6 of the 8 years from 1994 to 2001, drawing on savings to fill the gap. As oil revenues fall and Alaska's population rises, the state is spending more than it collects. Deficits are projected to continue, at current spending and with existing income.
- **Permanent Fund earnings will replace oil revenues** as the state's largest source of income in the next 25 years, with earnings projected to be more than three times larger than oil revenues. Fund earnings already exceeded oil revenues at the end of the 1990s, when oil prices were low.
- **Per capita state spending from the General Fund and other state funds dropped 50 percent** from 1985 to 1999, taking inflation into account. At the same time, federal grants per person increased about a third (to re-gain about the same real level as in 1965). State spending for Permanent Fund dividends per person nearly tripled from 1985 to 1999.

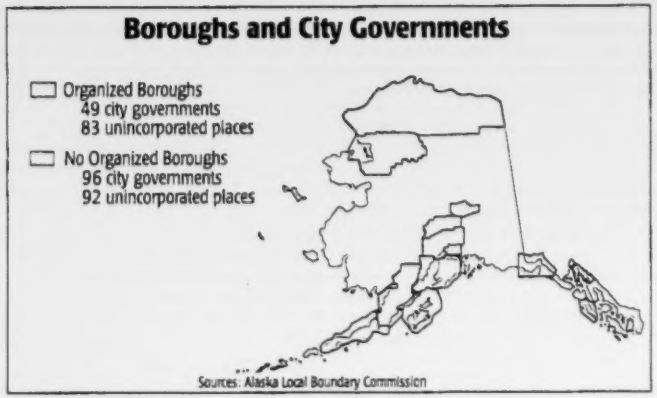


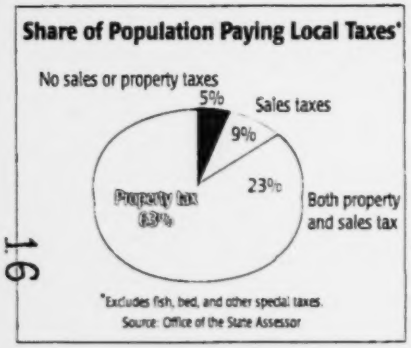

Historical and Projected Oil Revenues and Permanent Fund Earnings
1979-2001 (Actual)
$55 bill Oil revenues
$25 bill. PF Earnings
2001-2026 (Projected)
$20 bill Oil revenues
$75 bill. PF Earnings
Source: Alaska Permanent Fund Corporation

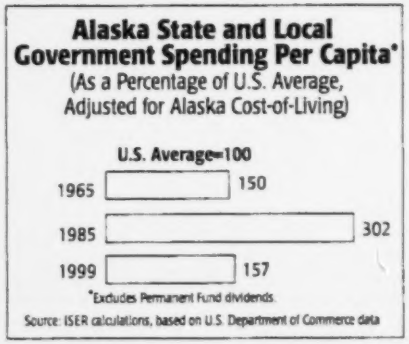


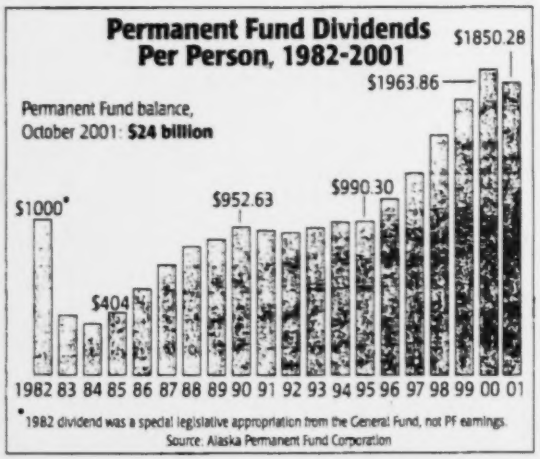
Alaska State Expenditures* Per Capita
(In 1998 Dollars)
1965
$1,293 Own Sources
$1,670 Federal Grants
1985
$10,341 Own Sources
$1,028 Federal Grants
$563 Permanent Fund Dividends
1999
$5,836 Own Sources
$1,501 Federal Grants
$1,552 Permanent Fund Dividends
*Includes spending from General Fund and other state sources, as well as grants from the federal government. Includes transfers to local governments; excludes Permanent Fund inflation-proofing and inter-agency transfers.
Source: U.S. Department of Commerce

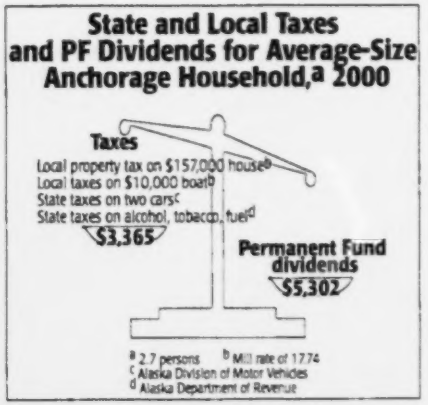

Unrestricted State General Fund Revenues and Permanent Fund Earnings, Fiscal Years 1970-2001
In billions of dollars
$4
3
2
1
0
Petroleum revenues as a share of unrestricted revenues:
1970: 20% 1982: 90% 2001: 85%
PF Earnings
Petroleum Revenues
Non-Petroleum Revenues
1970 75 78 80 85 90 95 2001
Sources: Scott Goldsmith, ISER data base; Alaska Department of Administration, Division of Finance; Permanent Fund Corporation





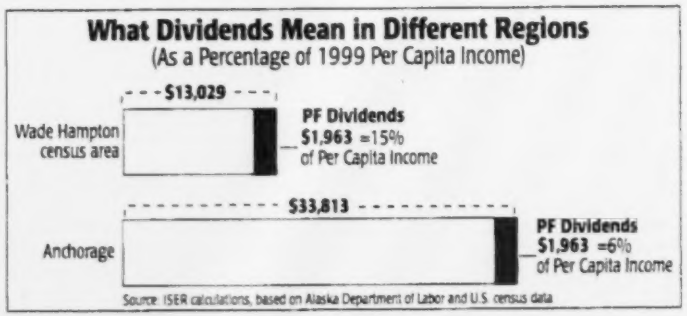



Permanent Fund Dividends Per Person, 1982-2001
Permanent Fund balance, October 2001: $24 billion
$1000*
$404
$952.63
$990.30
$1963.86
$1850.28
1982 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01
*1982 dividend was a special legislative appropriation from the General Fund, not PF earnings.
Source: Alaska Permanent Fund Corporation


State and Local Taxes and PF Dividends for Average-Size Anchorage Household,a 2000
Taxes
Local property tax on $157,000 house[b]
Local taxes on $10,000 boat[b]
State taxes on two cars[c]
State taxes on alcohol, tobacco, fuel[d]
$3,365
Permanent Fund dividends
$5,302
a 2.7 persons b Mill rate of 17.74
c Alaska Division of Motor Vehicles
d Alaska Department of Revenue

Alaskans historically paid high federal taxes, because they had higher than average incomes, and federal taxes are progressive. But in the past 15 years, reduced federal tax rates and lower Alaska incomes have reduced Alaskans' relative federal tax burden. As of 1999, the federal government spent about 60 percent more per capita in Alaska than it collected in per capita taxes from Alaska, according to a study by the Kennedy School of Government at Harvard University. Part of that disparity is because defense spending in Alaska is high. As for state and local taxes:

- **Alaskans pay no state personal income or sales taxes.** In fact, since 1980, the state has paid Alaskans: every Alaska resident receives annual cash "dividends" from the earnings of the Permanent Fund. The size of the dividend varies with fund earnings, but dividends have grown over the year as the fund balance grew. In 2001, dividends will total more than $1 billion, with $1,850 for every resident.
- **Alaska's city and borough governments levy property, sales,** and a variety of special taxes. The most common taxes in large urban areas are property taxes; small rural cities mostly levy sales taxes. Some governments collect both property and sales taxes. Some areas have no city or borough governments; they rely on the state for education and other basic services.
- **Many Alaska households collect more in dividends** than they pay in combined state and local taxes. For example, in 2000, an average-size Anchorage household (about 3 persons)—paying taxes on a median-priced house, two cars, and a boat—would have collected about 50 percent more in dividends than it paid in taxes.
- **Permanent Fund dividends make up more than twice** the share of income in poorer as in wealthier households. In the Wade Hampton area, where per capita incomes are a third those in Anchorage, dividends in 2000 made up 15 percent of per capita income, compared with 6 percent in Anchorage.
- **Alaska's combined state** and local government spending per resident has always been higher than the national average. But after climbing to 300 percent of the national average in 1985, combined spending dropped back to about 150 percent of the U.S. average by 1999—about the same as in 1965.



Alaska 20/20: Bringing Alaskans Together to Chart Our Future

The Alaska 20/20 Partnership is a broad group of public and private groups that wants to bring Alaskans together to chart a course for the future. We all hope to keep Alaska a safe, healthy place where our children and grandchildren can live and work. But to do that, we need to take responsibility for the future—what are our aspirations, and how can we achieve them?

Over the next several years, Alaska 20/20 will sponsor two conferences and a series of regional and local meetings. The purpose of these conferences and meetings is to bring Alaskans together to define a vision for the state, sets goals, identify actions to achieve those goals, and measure our progress over time. Some questions we want to explore are:

- What binds us together as Alaskans? What are our values?
- How will we sustain our economy and support ourselves 20 years from now?
- What kind of education will prepare us and our children for the future?
- How will we make our communities safe and keep our families healthy?
- How will we keep our environment and natural resources healthy?
- What public services do we need, and how will we pay for them?

Starting Point: Statewide Conference, November 27-28, 2001, in Anchorage
At this conference, Alaskans from around the state will talk broadly about what they see for the future. From those discussions, Alaska 20/20 will produce written statements on visions, goals, and benchmarks set by Alaskans for their economy, education, communities and families, stewardship of natural resources, and public services.

Regional and Local Meetings, 2002: Throughout 2002, Alaskans will be invited to discuss these vision and goals at community and regional gatherings and to suggest strategies for achieving them. From these meetings, Alaska 20/20 will compile Alaskans' views on the visions and goals, as well as proposed local, regional, and statewide actions to achieve them.

Second Statewide Conference and Progress Report, January 2003: In January, 2003, Alaska 20/20 will hold another statewide conference, to report on areas of agreement across the state, as well as issues and challenges to be overcome. The conference will develop benchmarks for measuring our progress, and we'll issue a report identifying the progress Alaskans have made toward achieving our goals. Alaska 20/20 will then report the progress to organizations, communities, and individuals across the state.

Alaska 20/20 Partners

Alaska Legislative Council
Alaska Association of General Contractors
Alaska Committee, Juneau
Alaska Common Ground
Alaska Conservation Alliance
Alaska Conservation Foundation
Alaska High Tech Business Council
Alaska Intertribal Council
Alaska League of Women Voters
Alaska Municipal League
USDOC, Alaska Export Comm. Service
UAA, ISER
Alaska Oil and Gas Commission
Alaska Railroad
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Alaska State Chamber of Commerce
Anchorage Chamber of Commerce
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Copies of this publication are available from the Alaska Humanities Forum (907-272-5316) and from ISER (907-786-7710). It is also posted on ISER's Web site at www.iser.uaa.alaska.edu and on the Alaska Humanities Forum Web site at akhf.org. For more information about Alaska 20/20, call the Alaska Humanities Forum.

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